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MICHIGAN FAMILY FORUM  
*Sound Public Policy for Stronger Michigan Families*

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Testimony Submitted by Dan Jarvis  
House Bills 5684 and 5685  
House Tax Policy Committee  
November 20, 2012

Good morning Mr. Chairman and members of the committee. My name is Dan Jarvis and I'm the Research and Policy Director for Michigan Family Forum. I am here this morning to voice our support for HB 5684 & 5685. We view these bills as simple, inexpensive ways to help families, particularly mothers who are pregnant. In 2010, as many as 55,000 pregnant women and their families may have benefited from these bills. It costs money to carry a pregnancy to term and these bills will help offset some of those expenses.

As a state, we expect women who are pregnant to get prenatal health care not only for themselves, but also for the well-being of the fetus in the same way that we expect men and women to provide for their other children. Just as we provide exemptions in recognition of those costs for children today, the state should recognize that there are costs associated with a pregnancy and it should expand the same dependency status that other children have to a fetus that is intended to be carried to term.

These bills follow the American Medical Association's policy recommendation highlighted in the Women Physicians Congress Policy Compendium to promote public funding directed at prenatal services for pregnant women. While these bills do not directly fund prenatal care, they clearly encourage prenatal care by providing financial incentives for that care.

Most women already get prenatal care by the third trimester. However approximately 25% of woman do not. There are many reasons why woman do not get prenatal care by the third trimester, ability to pay is one of the reasons cited by women. Some low income women who do not get prenatal care do not pay state income taxes and won't benefit from this new exemption at all. Although this deduction will not put money directly in the pocket of these women, it creates an incentive over time to seek prenatal care. These bills will not solve the prenatal care problem, but they are a step in the right direction.

Beyond creating incentives for prenatal care, this legislation would have reduced a family's tax burden by roughly \$160 in the 2011 tax year. Importantly, this reduced burden would come at a time when their family is growing and they are experiencing additional stresses.

I'd like to share the story of a real family to help you understand how this legislation would help young families in Michigan. My daughter and her husband are 25, they have a young girl and are expecting their second child in February. My son-in-law is a mechanic at a mid-sized dealership earning approximately \$14 per hour. My daughter works part-time as a Certified Nurses Aide at an assisted living facility. Their combined annual income is right around \$30,000.

The \$160 tax reduction would pay for about 10% of the medical co-pay costs they paid for their first baby or 5% of their annual premium payments on their health insurance plan. The \$160 would offset approximately 3 months of dairy products for their family or purchase a month of gasoline. No matter how you look at it, this is a meaningful amount for young families that are currently paying personal income taxes to the State of Michigan.

Why should this change in the tax code be considered when others have been eliminated or ignored? Three reasons:

- 1.) It is a simple redefinition of an existing tax exemption which allows a family to claim their exemption one tax year earlier than they would under existing law. This is not a new tax credit that will complicate the tax code. In a very real sense, we are just leveling the playing field by tying exemption status to expenditures on children.
- 2.) This tax reduction is directly tied to acquiring preventative healthcare which we know helps those receiving it and reduces long-term costs, many of which are shouldered by taxpayers. It's not an across-the-board reduction which could be spent on frivolous or unhealthy items.
- 3.) This tax reduction targets a critical population rather than broadly distributing it across the population for those who may be less in need of tax relief. These families are experiencing increased costs and increased stress and this legislation could help alleviate those costs.

I thank you for the opportunity to share our support for HB 5684 & 5685 and we urge you to support the bills as well.